compensation for local calls made to internet service providers ("ISPs"). This refusal violates Sections 252(d)(2) and 271(c)(2)(B)(xiii) of the 1996 Act, as well as the dispute resolution provisions of the Intermedia/BellSouth interconnection agreement.

MCI: No. BellSouth does not provide reciprocal compensation in the case in which an ALEC uses an end office switch to complete calls throughout a geographic area that, in BellSouth's network, would be served by an tandem switch.

MFS/WorldCom: No, BellSouth has not properly fulfilled its reciprocal compensation obligations due to its failure to compensate on toll calls where INP is involved and its unilateral decision to withhold compensation on local calls to ISPs.

Sprint: No. Bill-and keep arrangements are not a permanent solution for reciprocal compensation, but should be used for an interim period not to exceed two years. This interim period allows carriers to determine traffic patterns for the interexchange of network usage. Bill-and-keep should apply only to end office usage. Permanent solutions should be flat-rated, capacity-based, charges that are cost-based. ILECs prices for the interconnection portion should be based on the interconnection price and cost standards. BellSouth should not use reciprocal compensation arrangements for the exchange of toll traffic. Interconnection and reciprocal compensation should not be used to fund universal service.

TCG: No.

STAFF ANALYSIS:

INTERPRETATION OF THE ACT'S REQUIREMENTS

SECTION 271 REQUIREMENTS

Section 271(c)(2)(B)(xiii) of the Act requires that reciprocal compensation arrangements must be provided or generally offered in accordance with Section 252(d)(2). Section 252(d)(2) contains the standards for "just and reasonable" terms and conditions for reciprocal compensation for transport and termination of traffic. This provision requires mutual and reciprocal cost recovery based

on the reasonable approximation of the additional costs of call termination. It expressly allows for such arrangements as bill-and-keep, and precludes the FCC and state commissions from holding rate regulation proceedings to determine specific incremental costs of transport and termination, and also precludes the FCC and state commissions from requiring carriers to maintain records on the additional costs of such calls. Staff interprets this last section to mean that the FCC and state commissions may not require the development of cost data nor conduct proceedings to determine carrier-specific or carrier-type specific (e.g., cellular)costs for call termination.

FCC'S INTERPRETATION OF SECTION 271 REQUIREMENTS

The FCC interpreted the above provisions of the Act, and required that TELRIC was the appropriate pricing principle to comply with the requirements of the Act. The Eighth Circuit overturned the majority of the FCC's rules. It retained several provisions but only as they applied to mobile carriers, ruling that setting cost standards such as TELRIC went beyond the scope of the FCC's authority.

The FCC's order on Ameritech's Michigan filing did not specifically rule on this checklist item based on Ameritech's failure on other items, including interconnection (Item #1). With respect to the requirement for "just and reasonable" reciprocal compensation for the transport and termination of calls between carrier networks, however, the FCC stated that not only did the rates have to be based on TELRIC principle, but also both new entrants and RBOCs must be compensated for use of their networks by the other for transport and termination. (Order ¶293) In addition, the FCC urged the parties to resolve the outstanding disputes. (¶127)

FPSC'S INTERPRETATION OF SECTION 271 REQUIREMENTS

The FPSC approved TSLRIC based pricing for reciprocal compensation for transport and termination in DN 950985, 960833 and 960846. Therefore rates in the SGAT and BST/ALEC agreements approved pursuant to Section 252 of the Act, that comport with Commission rulings, would be in compliance with Section 271 requirements.

SUMMARY OF REQUIREMENTS BEING USED FOR THIS ISSUE

Staff does not believe that the FCC can reinstitute TELRIC pricing requirements for the reasons explained in Issue 2. We continue to believe that TSLRIC is a better basis for pricing. To the extent permanent rates have been set by this Commission, we believe that they comply with the requirements of Section 252(d)(1) of the Act, and we will endorse BST's use of those rates in its agreements and in the SGAT for purposes of checklist compliance.

STAFF DISCUSSION OF POSITIONS

This issue covers the pricing requirements for traffic carried over facilities-based interconnection arrangements between BST and ALECs. The interconnection arrangements themselves are the subject of Checklist Item #1. (See Issue 2.) Reciprocal compensation is the means by which two given local carriers compensate each other for the incremental costs associated with terminating calls originating from the other's network. (Hamman TR 2676)

BST states that it has complied with the requirements of the Act in that reciprocal compensation arrangements are functionally available. (Milner TR 765) It states that in Order No. PSC-96-1579-FOF-TP, the Commission ordered rates between itself and AT&T of $.00125 per minute for tandem switching and $.002 for end office termination. (Scheye TR 471) These rates were incorporated into the SGAT. (Scheye TR 471) Therefore, BST's reciprocal compensation arrangements are in full compliance with this checklist item. (BR p.72) BST states that most intervenors either concede that BST has met this checklist item, or state they have no basis for an opinion. (BR p.72) BST asserts that two, MCI and Sprint, who argued against compliance for this item, did not address the issue beyond pre- and post-hearing statements.

AT&T, FCCA, ICI, TCG, and WorldCom raised an issue late in the proceeding revealing that a serious dispute has arisen with respect to the definition of "local service" as it applies to compensation for transport and termination of calls made to Information Service Providers (ISPs). BST sent a letter dated August 12, 1997, to ALECs with whom it has existing agreements, stating that ISP traffic is jurisdictionally interstate, and therefore ineligible for reciprocal compensation. In the letter, BST stated that it

would not pay for calls its customers made to ISPs served by ALECs, and "would make every effort" not to bill ALECs for calls their customers made to BST's ISPs. (EXH 17) The letter was sent after testimony was filed in this case, and therefore the issue was only explored at hearing.

AT&T asserts that despite BST witness Scheye's testimony that these calls are interLATA, (TR 335-41), these calls originate and terminate locally, and hence BST must permit reciprocal compensation. (BR p.80)

FCCA cites its members' opinions that BST's actions constitute a breach of contract, a violation of the dispute resolution clauses in the agreements, and an act of bad faith on BST's part. (Strow TR 2344; Ball TR 3397; Kouroupas TR 3526-3527)

ICI specifically notes that BST witness Varner admitted on the stand that BST treats such calls as local when it bills its own end users, since they do not pay toll rates, inter- or intra-state. (TR 339) ICI asserts that since the situation was never discussed, and there is no explicit language in the agreement, BST did not contemplate such a restriction prior to implementation of its agreement. (BR p.68) Witness Varner acknowledges that the issue is in dispute and is the subject of two proceedings at the FCC. ICI states that the proper course of action for BST would have been to petition this Commission for resolution, rather than taking unilateral action. ICI further states that because of BST's actions, the Commission is required to take this issue up in this proceeding. (BR p.69)

TCG states that BST's action amounts to an attempt to amend all BST/ALEC interconnection arrangements. TCG states that this constitutes a breach of contract because there is no provision in its contract that would exclude ISP calls from the definition of local traffic. (BR p.17) TCG cites the problem as an example of non-compliance with reciprocal compensation provisions in its Agreement and in the Act. (BR p.30)

WorldCom states that BST has made a unilateral attempt to begin witholding compensation for calls to WorldCom's local exchange customers who are Internet providers, despite BST's contractual agreement to compensate WorldCom for such calls. WorldCom states that it views BST's actions as a breach of its interconnection agreement. (Ball TR 3397)

On cross examination, BST witness Varner argued that the FCC has identified ISP traffic as interstate, but has granted an access exemption specifically for ISP traffic. He stated that the FCC has required that ISP traffic be charged at local rates. He also admits that this dispute is the subject of two FCC proceedings and has been taken up in other states where RBOCs have taken the same action as BST. (Varner TR 341) Witness Varner declined to characterize this issue as a "dispute," but rather as an issue "where there are two points of view as to how it should be resolved." (TR 342) Varner stated that he was not familiar with dispute resolution clauses in ALEC contracts. (TR 342-343) Staff would note, however, that he did voluntarily refer to dispute resolution procedures in the context of the poles, conduits and rights-of-way issue. (TR 360)

SUMMARY

Staff believes that BST has in fact violated the terms of its agreements with ALECs by the actions it has taken. We do not attempt to resolve the issue of how ISP traffic should ultimately be handled, in this proceeding. We expect that the Commission will be asked to do that in the near future as complaints are filed. Whether or not ISP traffic is ultimately required to be treated as local or interstate for compensation purposes, it currently appears local when passed through the network, and is billed by BST as a local call to its customers. Therefore, if BST believed that it needed to be handled in a special fashion, BST needed to specify that clearly in negotiations and its agreements. It did not do this, and in fact, BST itself was apparently paying and billing compensation prior to its letter to ALECs.

Thus, without going to the merits of the issue, it is clear that 1) BST/ALEC agreements define local traffic, and there are no restrictions with respect to ISP traffic; 2) this issue was never raised in interconnection negotiations with ALECs prior to signing the agreements; 3) there are procedures for handling disputes in the agreements, and 4) BST has not followed those procedures, thus violating the terms and conditions of those agreements.

We therefore disagree with witness Varner's characterization, or more specifically, we believe there is no distinction between his characterization and a dispute. The ISP traffic issue is a

major dispute subject to the dispute resolution provisions of BST/ALEC agreements.

Staff agrees with ALEC contentions that BST's unilateral action violates the dispute resolution provisions of its agreements with ALECs. e do not endorse BST's method of handling this issue in Florida, and we do not believe it reflects well on BST's approach to ALEC carrier relationships. Staff recommends that the parties work to resolve this dispute, and if unsuccessful, bring it before this Commission for resolution.

Otherwise, where interconnection facilities have been ordered and implemented, we agree with BST that reciprocal compensation arrangements for the transport and termination of local traffic, including intermediary tandem switching, are being carried out in accordance with the requirements of the Act and individual agreements. The rates in those agreements and in the SGAT are those which we have approved, and therefore conform to the requirements of Section 252(d)(2) of the Act.

ISSUE 15: Has BellSouth provided telecommunications services available for resale in accordance with the requirements of sections 251(c)(4) and 252(d)(3) of the Telecommunications Act of 1996, pursuant to section 271(c)(2)(B)(xiv) and applicable rules promulgated by the FCC? **(Musselwhite)**

RECOMMENDATION: No. BellSouth has not provided tele-communications services available for resale in accordance with the requirements of sections 251(c)(4) and 252 (d)(3) of the Telecommunications Act of 1996, pursuant to section 271(c)(2)(B)(xiv) and applicable rules promulgated by the FCC. BellSouth has failed to demonstrate that access to operational support system functions that it provides to competing carriers is equivalent to the access it provides to itself.

POSITION OF THE PARTIES

ACSI: Yes. BellSouth has provided service for resale but there are no performance standards or measurements. Further, ACSI has not had access to adequate OSS to handle resale orders resulting in delays.

AT&T: BellSouth has not provided such services to AT&T and proposes ordering mechanisms which are discriminatory in nature.

BST: Yes. ALECs are able to resell BellSouth's telecommunications services. BellSouth has developed technical service descriptions in ordering, provisioning, and maintenance procedures for 50 of its top retail telecommunications services. As of May 15, 1997, over 49,000 of these services were being resold by ALECs in Florida.

FCCA: No. ALECs have demonstrated that the operational support systems necessary to support resale are insufficient to provide parity or nondiscriminatory access.

FCTA: No position.

ICI: No. Although BellSouth has made its retail services available to Intermedia for resale, Intermedia does not enjoy non-discriminatory access to such services nor to the OSS functions that support them.

MCI: No. BellSouth's operations support systems do not provide competing carriers with nondiscriminatory access to the preordering, ordering, provisioning, maintenance and repair, and billing functionalities for resold services. Such systems are not equal in quality to BellSouth's own systems. In addition, BellSouth has refused to provide voice mail service for resale on an unbranded basis, despite the fact that such resale is required by the MCI/BellSouth Interconnection Agreement. Further, BellSouth's proposed SGAT would impose restrictions on resale which are not in compliance with the Act.

MFS/WorldCom: No. BellSouth has not provided services for resale in accordance with the Act.

Sprint: No. While BellSouth may offer services for resale, the terms and conditions do not meet the requirements of this checklist item. The only restriction should be that residential services cannot be resold to business. Unbundled network elements are not retail services. Avoided costs should be calculated by cost category. Prices for associated network elements should not provide additional contribution. Prices need to be rebalanced.

TCG: TCG takes no position on this issue. However, BellSouth has the burden to affirmatively demonstrate that it has provided telecommunications services available for resale in accordance with the requirements of Sections 251(c)(4) and 252(d)(3) of the Telecommunications Act of 1996, pursuant to Section 271(c)(2)(B)(xiv) and applicable rules promulgated by the FCC.

STAFF ANALYSIS: This issue addresses whether or not BST has provided nondiscriminatory access to resold services in accordance with the Act, FCC rules and orders, and FPSC orders. In addition, this issue addresses nondiscriminatory access to Operations Support System (OSS) functions. Access to OSS functions is integral to the actual provision of resold services. This issue corresponds with checklist item number xiv of the Act.

INTERPRETATION OF THE ACT's REQUIREMENTS

In this section of the analysis, staff provides the requirements per the Act, and the FCC's interpretation of those requirements from the FCC's First Report and Order (96-325) and the FCC's Ameritech Order (97-298). Staff will conclude the analysis

of this section by summarizing the requirements being used for this issue.

SECTION 271 REQUIREMENTS

Section 271 (c)(2)(B) states that access or interconnection provided or generally offered by a Bell operating company to other telecommunications carriers must meet certain requirements. Checklist item fourteen is referenced in the Act as Section 271(c)(2)(B)(xiv). This section states that a Bell operating company meets the requirements of this subparagraph if such access and interconnection satisfies the following:

> Telecommunications services are available for resale in accordance with the requirements of sections 251(c)(4) and 252(d)(3).

Section 251(c)(4) imposes a duty on incumbent LECs to offer certain services for resale at wholesale rates. Specifically, section 251(c)(4) requires an incumbent LEC:

> (A) to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers; and
>
> (B) not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of such telecommunications service, except that a State commission may, consistent with regulations prescribed by the Commission under this section, prohibit a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such service to a different category of subscribers.

Section 252(d)(3) sets forth the pricing standard for wholesale rates. Specifically, section 252(d)(3) states:

> For the purposes of section 251(c)(4), a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and

other costs that will be avoided by the local exchange carrier.

FCC'S INTERPRETATION OF SECTION 271 REQUIREMENTS

Interconnection Order - FCC 96-325

The FCC's First Report and Order (EXH 1, FCC 96-325) in CC Docket No. 96-98, established certain rules and requirements for resold services that the incumbent local exchange company (LEC) must meet.

FCC Rule - 47 C.F.R. §51.613 states the types of restrictions that may be imposed on resale. This rule states that a state commission may permit an ILEC to prohibit a requesting ALEC that resells telecommunications services that the ILEC makes available only to residential customers or to a limited class of residential customers, from offering such services to classes of customers that are not eligible to subscribe to such services from the ILEC. In addition, the rule states that short-term promotions, those in effect for no more than 90 days, are not subject to the wholesale discount, but promotions in effect for more than 90 days and discounted offerings should not be excluded from resale. The FCC's rule further provides that ILECs cannot use the short term promotional offerings to evade the wholesale rate obligation. Finally, this rule requires ILECs to comply with reseller unbranding or rebranding requests where operator, call completion, or directory assistance service is part of the service or service package an ILEC offers for resale.

FCC Rule - 47 C.F.R. §51.615 states that when an ILEC makes a telecommunications service available only to a limited group of customers that have purchased such a service in the past, the ILEC must also make such a service available at wholesale rates to ALECs to offer on a resale basis to the same limited group of customers that have purchased such a service in the past.

FCC Rule - 47 C.F.R. §51.617 requires the ILEC to assess the end user common line charge to end users, and the charge for changing the designated primary interexchange carrier, upon requesting carriers that purchase telephone exchange service for resale.

In addition to the rules above, the FCC determined that resale restrictions and conditions, including conditions and limitations contained in the ILEC's underlying tariff, are unreasonable and therefore in violation of section 251(c)(4). FCC 96-325, ¶939

Ameritech Order - FCC 97-298

The FCC explains its review and subsequent denial of Ameritech's application for interLATA authority in FCC Order 97-298 (the Ameritech Order). The FCC determined in its order that Ameritech was not providing nondiscriminatory access to all of the operational support system functions, as required by the competitive checklist. The FCC's order makes clear that analogous services must be provided in a nondiscriminatory manner.

The FCC has determined that RBOCs must provide nondiscriminatory access to OSS functions. The FCC concluded that access to OSS functions falls within an RBOC's duty under section 251(c)(4) to provide resale services (¶130). The FCC states that because §§251(c)(3) and 251(c)(4) include OSS, an examination of an RBOC's OSS is necessary to evaluate compliance with the UNE and resale portions of the checklist (¶131)

The FCC states that the RBOC's duty to provide items under the checklist must include rates and terms that comply with the Act "or, where no competitor is actually using the item, to make the item available as both a legal and practical matter." The FCC determined that OSS functions are a "term or condition" of resale and concluded that OSS performance is integral to the determination of whether or not the RBOC is providing all of the items contained in the checklist. (¶132)

The FCC listed several components for the provision of access to OSS. These components include:

1. the interface, or gateway, which is used to interconnect the ALEC's own internal OSS to an RBOC's OSS.

2. a processing link, either electronic or manual, between the interface and the RBOC's internal OSS (which includes all necessary back office systems and personnel).

3. all internal OSS or Legacy systems that an RBOC uses in providing resale services to an ALEC. (¶134)

According to the FCC, an RBOC must provide more than just an interface in order to comply with the nondiscriminatory access standard for OSS. The FCC states that in order for an RBOC to meet the nondiscriminatory access standard, no limits may be placed on the processing of information between the interface and the legacy systems, if such limits did not permit an ALEC to perform a function in substantially the same time and manner as the RBOC performs the function for itself. The FCC asserts that this standard requires it to review all of the processes implemented by the RBOC to provide access to the OSS functions. (¶135)

The FCC and the Department of Justice (DOJ) are in agreement that the inquiry into the processes used by the RBOC would involve two parts. First, the FCC will determine if the RBOC has provided the systems and personnel that are sufficient to provide access to each of the required OSS functions. In addition, the FCC will look at whether or not the RBOC is providing the assistance and training that ALECs need to use the OSS functions. (¶136) This assistance includes providing ALECs with the technical specifications of the interfaces and legacy systems, so that ALECs can modify or design their own internal OSS to communicate with the RBOC's systems. Also, the FCC states that the RBOC must demonstrate whether or not its OSS is capable of handling both current and projected demand. (¶137)

Second, the FCC will determine the readiness of the OSS functions to be used by the ALECs. (¶136) This, among other things, involves whether or not the RBOC's OSS is now able to handle current demand and will be able to accommodate demand in the foreseeable future. The FCC and the DOJ agree on the standard for operational readiness, which is evidence of actual commercial usage. The FCC asserts that actual commercial usage is the most probative evidence of operational readiness. In addition, the FCC does not require an RBOC to ensure that ALECs are using all OSS functions available to them, however, the RBOC is charged with demonstrating that the reason an ALEC is not using a particular OSS function is strictly a business decision of the ALEC, rather than a lack of OSS function availability. The FCC states that it may consider other forms of evidence for commercial readiness if the RBOC can demonstrate why ALECs are not using all available OSS functions. The other forms of evidence that the FCC will consider, absent actual commercial usage are: carrier-to-carrier testing, independent third-party testing, and internal testing. (¶138)

The FCC also determined that OSS functions provided to carriers that are analogous to the OSS functions that an RBOC provides to itself in connection with retail service offerings must be equal in terms of quality, accuracy, and timeliness. (¶139) The FCC stated that OSS functions associated with pre-ordering, ordering, provisioning, maintenance and repair, and billing all have retail analogues for resale services, and thus equivalent access is the standard required by the Act for all of these functions. (¶140)

The FCC concluded in the Ameritech order, that its requirements on RBOCs to demonstrate nondiscriminatory access is "achievable." The FCC stated: "We require, simply, that the BOC provide the same access to competing carriers that it provides to itself." (¶143)

FPSC'S INTERPRETATION OF SECTION 271 REQUIREMENTS

Staff believes that BellSouth has the duty to prove that it can provide to requesting carriers resold services that are analogous to the retail services that it provides to its own retail subscribers. In addition, BellSouth must prove that the resold services are being provided under reasonable and nondiscriminatory conditions, which includes equivalent access to OSS functions, and at the appropriate wholesale discount rates.

By Order No. PSC-96-1579-FOF-TP, in Docket No. 960833-TP, issued December 31, 1996, the FPSC set wholesale rates that comply with the intent of the Telecommunications Act of 1996. As directed by section 251(d)(3), the wholesale rates set by the Commission exclude the portions of retail costs that BellSouth can reasonably avoid in the provision of wholesale service. The residential discount was set at 21.83% and the business discount at 16.81%. (Id., p.56)

In Order No. PSC-96-1579-FOF-TP, the FPSC further agreed with the FCC that restrictions may be imposed on cross-class selling and short term promotions. 47 C.F.R. §51.613 The FPSC determined that no restrictions on the resale of services shall be allowed, except for restrictions applicable to the resale of grandfathered services, residential services, and Lifeline/LinkUp services to end users who are eligible to purchase such service directly from BellSouth. (Id., p.60) The FCC Interconnection Order is also clear, and this Commission agreed, that promotional or discounted

offerings should not be excluded from resale; however, short term promotions, those in effect for no more than 90 days, are not subject to the wholesale discount. (Id., p.42; FCC 96-325, ¶948)

SUMMARY OF REQUIREMENTS BEING USED FOR THIS ISSUE

Staff generally agrees with the FCC's interpretation of the resale requirements of Section 271. Our determination of BellSouth's compliance with checklist item xiv is based on the 1996 Telecommunications Act, the FCC's Rules and Orders, and the applicable FPSC Orders.

Staff believes that BST has the duty to prove that it is not imposing unreasonable or discriminatory conditions or limitations on the resale of telecommunications service to requesting carriers. In addition, staff believes that BST has the duty to prove that it is providing nondiscriminatory access to its OSS to requesting carriers.

Staff believes that all rates must be based on the wholesale discounts set by the FPSC. Any rates not discounted the appropriate amounts are in violation of the FPSC's Orders, and therefore, not checklist compliant.

STAFF DISCUSSION OF POSITIONS

DESCRIPTION OF SERVICE

BellSouth is required to offer its retail services at wholesale rates to any competing telecommunications carrier that requests these services for resale. As discussed previously, the wholesale rates were determined by the FPSC, and were based on the retail rate minus the avoided costs. (Order No. PSC-96-1579-FOF-TP, p.56) In addition, the Act, FCC rules and orders, and FPSC orders require BellSouth to provide nondiscriminatory access to resold services, which includes nondiscriminatory access to operational support system functions.

The FCC has determined that operational support systems generally include those systems and databases required for pre-ordering, ordering, provisioning, maintenance and repair, and billing. Access to OSS functions are required for both UNEs and resale. In an effort to minimize duplication, the definitions of

the OSS functions and the descriptions of the interfaces are provided in checklist item ii (Issue 3) only.

STATUS OF PROVISION OF SERVICE

BellSouth is making its retail services available for resale. BellSouth claims that as of May 15, 1997, over 49,000 business and residential services were being resold by ALECs in Florida. However, based on the evidence in this proceeding, staff is unable to confirm the actual number of services that BellSouth has resold in Florida. Nevertheless, it appears that the ALECs have not had problems with the resold services once they have received them, with the exception of a voice mail service problem that MCI has experienced; however, ALECs are experiencing many problems with the interfaces, operational support systems, and billing of the correct wholesale discount rates, contrary to the non-discriminatory requirements of the Act and the applicable FCC and FPSC Orders.

DISCUSSION OF PROBLEMS

The intervenors have raised many problems and concerns with the various interfaces and access to OSS functions for resale. In addition, several parties have cited problems with resale that are not OSS related. Therefore, the problems have been separated into two sections. The first section will discuss the OSS problems, and the second section will discuss any remaining resale problems that do not fit into one of the OSS categories.

I. OSS RELATED PROBLEMS

The parties problems concerning the various interfaces and the problems concerning access to OSS functions will be discussed within each of the five functions of OSS. Although the FCC defines pre-ordering and ordering as one function, there are different problems associated with each, as well as a series of problems that involve both functions together. The problems that are specific to the pre-ordering function will be addressed separately. Those problems that involve both pre-ordering and ordering functions will be addressed with the problems specific to the ordering function.

1. PRE-ORDERING

Problem 1: LENS requires multiple address validations for the same fields in different screens.

The intervenors state that LENS requires the address to be validated three separate times. In the inquiry mode of LENS, the address must be validated to obtain telephone numbers, validated again to view available features and services, and, finally, again to view the installation calendar. BST's RNS system does not require multiple address validations while accessing pre-ordering information. (Calhoun TR 1287-88, 1300-01; Bradbury TR 2911-12) MCI witness Martinez states that the RNS system automatically assigns a number, once the address is validated. Witness Martinez explains that this number is "hard coded so that anything that they did from then on would bring for [SIC] the features and functions of that particular office." Because the number is "hard coded," RNS does not require multiple validations at each step, as does LENS. (Martinez TR 3342)

Problem 2: No on-line customer credit checking capability and limited availability of customer service record information.

ALECs do not have access to customer payment history information when using LENS in the pre-ordering mode. BST's RNS system allows BST representatives the option of accessing such credit information online through Equifax. (Calhoun TR 1440) BST witness Calhoun stated that she was unsure if BST's internal interface, DOE, had such credit checking capability. (TR 1440)

LENS in the inquiry mode does not provide customer credit history and detailed billing information other than the billing name and address. BST witness Calhoun stated that this information was not agreed to in negotiations with ALECs, and therefore, was not provided via LENS. However, this Commission did require BST to provide such information to AT&T and MCI in the arbitration proceeding. (Calhoun TR 1271-72) BST witness Calhoun stated under cross examination that access to this information will be added to the LENS system on October 8th of this year. (TR 1272-73)

Problem 3: LENS requires human intervention

BST has not demonstrated that LENS provides non-discriminatory access to pre-ordering functions as compared to those available with BST's own RNS and DOE systems.

Human intervention occurs because the pre-ordering capability of LENS is not integrated with the EDI ordering interface. This is evidenced by the need for an ALEC service representative who must manually record the pre-ordering information obtained in the LENS inquiry mode and then manually re-enter the information into the EDI order. BST suggests in the LENS User Guide that the service representative print out each LENS screen as a method of recording the pre-ordering information. BST's interfaces do not require this level of manual intervention. (Bradbury TR 2840) This problem, as it relates to integration of interfaces, is also discussed below in Problem 5, of the Ordering and Provisioning section.

BST witness Calhoun stated that it is not necessary for an ALEC service representative to manually re-enter data accessed from LENS into the ALEC's internal OSS. Witness Calhoun stated that there are several methods that obviate the need to re-enter data. First, an ALEC service representative can "cut and paste" information from LENS, to any other computer application that supports the "cut and paste" function. (TR 1052, 1125) The second option suggested by Witness Calhoun, is to use the Common Gateway Interface (CGI). Witness Calhoun explained that CGI is a specification that could negotiate the movement of data between LENS and an ALECs OSS. In addition, Witness Calhoun stated that CGI is available to any interested ALEC. (TR 1053)

AT&T witness Bradbury stated that the CGI is not available to any new entrant interested in pursuing this option, as stated by BST witness Calhoun. Witness Bradbury provided a chronology of events that took place when AT&T sought the information necessary to implement CGI as BST proposes. AT&T's inquiry revealed that CGI builds upon the LENS interface, and firm specifications cannot be provided until the LENS interface is finalized. According to a letter dated May 19, 1997 from a BST project manager, LENS will require multiple and frequent changes and will not be stable for six to nine months. (Bradbury TR 2841, 2890-93)

Problem 4: BST can reserve more telephone numbers than ALECs

MCI witness Martinez states that LENS only allows ALECs the ability to reserve or assign six telephone numbers per order. (TR 3240) AT&T witness Bradbury agrees stating, in addition, that BST can reserve up to 25 numbers through its own OSS. (TR 2845) In total, an ALEC is permitted to reserve a total of 100 numbers, or five percent of the available numbers, per central office. (Bradbury TR 2844) AT&T witness Bradbury states that numbers which are available when using LENS in the firm order mode are not available when using LENS in the inquiry mode. The inquiry mode of LENS is used to access pre-ordering information, when placing the actual order through EDI, PC-EDI, or by fax. (TR 2844)

There are other problems associated with accessing telephone numbers. First, an ALEC must go to a separate telephone number assignment screen each time it accesses a telephone number for a new customer. In other words, when the address is validated in LENS, a phone number is not automatically assigned to the customer. BST's RNS system on the other hand, only requires the BST service representative to visit a separate screen if the customer rejects the phone number that is automatically assigned when the address is validated. (Calhoun TR 1276-1277; Martinez TR 3342) Second, LENS does not provide a list of available NXXs to serve a specific address. However, BST service representatives have access to these numbers when using either RNS or DOE. (Calhoun TR 1282-83, 1447-48; Bradbury TR 2910)

Problem 5: Cumbersome and inefficient method of locating long distance company selected by customer and product and service information

LENS provides a randomly organized list of long distance companies. The list is provided randomly so that long distance companies beginning with the letter "A" do not have an advantage over other companies. The problem here is that LENS does not provide a method of accessing a particular company name easily. The ALEC service representative must scroll through the extensive list of over 300 available carriers to find the name and carrier code of the long distance company. (Calhoun TR 1288-92; Bradbury TR 2846) BST's RNS and DOE systems permit the BST representative to access carrier information by typing the first few letters in the carrier's name. (Calhoun TR 1293) AT&T witness Bradbury states

that this is clearly not at parity in terms of timeliness or quality (TR 2912) This same inefficient condition is true when an ALEC's representative is trying to locate a service using LENS. The ALEC's representative must scroll through the list of available services to see if the requested service is available in the end office that serves the customer. (Calhoun TR 1295-97) BST's RNS and DOE systems permit the BST representative to access product and service information by typing the first few letters of the service or feature's name. (Calhoun TR 1299)

Problem 6: LENS does not provide access to calculated due dates in the inquiry mode

ALEC service representatives do not have access to due dates in the same manner as BST's representatives, when the ALEC's representatives uses LENS in the inquiry mode to access pre-ordering information. LENS provides the ALEC representative with a table of dates which are not available, instead of the earliest available dates for a particular central office. (Bradbury TR 2848) In contrast, RNS provides a color coded calendar which shows the first available due date calculated by DSAP, and highlighted in green. All other dates, both available and unavailable, are distinguished by other colors. (Calhoun TR 1312-15)

Pre-Ordering Summary

As discussed above, the intervenors raised several problems with the LENS pre-ordering interface. The problems raised demonstrate that LENS simply does not provide access to pre-ordering information in essentially the same time and manner as does BST's RNS and DOE systems. First, LENS requires multiple validations of the address to access certain functions. BST's RNS and DOE systems do not require multiple validations. Therefore, the ALEC service representative will spend more time reviewing or accessing pre-ordering information than will a BST service representative.

LENS does not provide customer credit checking capability and limited customer service record information. On the other hand, BST's internal interface, RNS, provides on-line credit checking capability and access to the customer's full service record information.

LENS is a human-to-machine interface. Therefore, after an ALEC service representative accesses pre-ordering information, the representative must either cut and paste the information, or print out each LENS screen and then retype the information into an EDI order. This is true also for putting information into the ALEC's internal OSS. RNS and DOE do not require any such manual handling of data, since both systems have ordering and pre-ordering functions that are integrated.

An ALEC cannot reserve the same number of phone numbers through LENS as can BST in RNS. In addition, RNS automatically assigns a phone number when an order is being taken for a new customer. LENS requires the ALEC service representative to access the number screen and select a number. LENS does not provide a list of available NXXs for a specific address, as does RNS and DOE.

When searching for the long distance carrier requested by the end user, the BST service representative can type the first few letters in the carrier name and both RNS and DOE will automatically bring up the carriers full name and identification code. This feature is also true when the BST service representative is searching for products and services. However, LENS does not offer such capability. In LENS, any searches performed by the service representative must be performed by scrolling page by page until the carrier name or service name is found. This clearly is not at parity with BST.

LENS does not provide access to calculated due dates. Instead, a table of dates appears showing all days that are unavailable for due dates. These unavailable dates include weekends, holidays, scheduled office down times, and days that are already filled with other service orders. However, the ALEC representative has to look at a calendar to figure out what the next available due date actually is. In contrast, RNS offers a BST representative a calendar that highlights, in a specific color, what the earliest due date available is. In addition, the calendar shows the dates that are not available in another color. In other words, the BST ordering interface has a color coded calendar that is user friendly and is efficient. BST has not offered an efficient due date recognition system for LENS users.

Staff believes that BST is not providing pre-ordering capabilities at parity with what it provides itself. In addition,

the FCC has concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide competing carriers access to OSS functions for pre-ordering...that is equivalent to what it provides itself, its customers or other carriers." (EXH 1, FCC 97-298, ¶130) As explained below in the ordering and provisioning summary, staff believes that BellSouth must provide a pre-ordering interface that is integrated with the EDI ordering interface, and that it must correct the LENS pre-ordering deficiencies discussed above.

2. ORDERING and PROVISIONING

Problem 1: LENS and EDI do not have electronic edit capability at parity with BST's RNS and DOE systems.

BST witness Calhoun admitted that RNS and DOE have greater edit checking capabilities than are provided to either EDI or LENS. (Calhoun TR 1267) This means there is a greater likelihood that an ALEC order will be rejected by the downstream systems than will a BST order. (Bradbury TR 2911) Witness Calhoun testified that RNS, DOE and EDI distinguish the fields that must be populated, so the customer service representative knows that the order is complete. (TR 1442-1443, 1445) Although EDI does distinguish the fields that must be populated, staff would note that witness Calhoun testified that LENS does not distinguish which fields must be populated. (TR 1445) In addition, witness Bradbury testified that the FUEL and SOLAR databases work simultaneously with RNS, while a BST customer service representative is working on an order. Therefore, FUEL and SOLAR are checking the order as it is being processed. This online edit checking capability does not exist with LENS or EDI, because LEO and LESOG are downstream databases that check the ALEC's order after it has been sent. (TR 3004-3005) Once the order is rejected downline, the ALEC is notified either by fax or through a phone call by the LCSC. (TR 2911) This notice could take days. (EXH 113, pp.46-47) However, errors in BST submitted orders, not caught by the on-line edit checks, but caught by the downstream checking database, are sent to an error handling group, typically within 30 minutes. (Calhoun TR 1440)

Problem 2: No order summary screen exists in either EDI or LENS as in RNS.

When an ALEC representative completes taking the order from a customer, there is no order summary screen in LENS or EDI to confirm the order while the customer is on line, before sending the order off for completion. (Calhoun TR 1319-20; Bradbury TR 2910) BST witness Calhoun admitted under cross examination that RNS provides an order summary screen so that the order may be confirmed with the customer. (TR 1441)

Problem 3: Intervenors cannot access or make changes to pending orders.

Once an order is placed through LENS or EDI, the ALEC service representative cannot access the original order to make a change. (Calhoun TR 1320; Calhoun TR 1443) EDI allows a change order to be made and submitted to BST; however, the original order cannot be accessed in order to make modifications. (Calhoun TR 1443; Martinez TR 3347) In contrast, the original order placed by a BST representative using RNS and DOE, can be changed directly by accessing an order update screen. (Calhoun TR 1439)

Problem 4: BST has not provided requesting carriers with the technical specifications of the interfaces.

BellSouth stated that if an ALEC wants to integrate its pre-ordering information from LENS with its EDI ordering system, then the ALEC needs to use a Common Gateway Interface (CGI) program to build its side of the interface. (Calhoun TR 1336) Witness Calhoun testified that CGI is a program that manipulates data between two systems, thus eliminating the need for an ALEC customer service representative to move from one system to another. (TR 1335-1336) BellSouth began the development of CGI technical specifications for the ALECs, but abandoned the effort citing that it appeared no party wanted to pursue that option. (Calhoun TR 1335) However, AT&T and MCI state that they have both requested, and not received, the technical specifications from BellSouth. (Martinez TR 3236, 3305; Bradbury TR 2955-2957, 2964-2966) Further, witness Calhoun admitted that an ALEC cannot complete development of a commercial system that integrates LENS and EDI until BellSouth completes the CGI technical specifications on its side of the interface. (TR 1337) Witness Calhoun also stated that BellSouth is willing to

continue to develop the CGI specifications with any interested ALEC. (TR 1126)

AT&T witness Bradbury stated that an ALEC will be at a disadvantage until BellSouth develops its side of the interface. (TR 2909) For example, witnesses Calhoun (BST) and Bradbury (AT&T) testified that RNS displays the rate for a service and calculates the taxes for that service. (Calhoun TR 1447; Bradbury TR 2931) Witness Calhoun stated that when a BellSouth customer service representative validates a customer's address, a tax code is returned that provides the appropriate taxes for that address. This information then flows through the order to the billing system. (TR 2931) Witness Calhoun also testified that in the products and services section of RNS, an option button appears beside each product or service which allows the BST customer service representative to offer promotions to BellSouth's end users. (TR 1440-1441) However, witness Calhoun stated that pricing, promotion, and packaging of services that an ALEC offers to its customers is at the ALEC's discretion. She stated that an ALEC can choose, "to organize information on its side of the interface in whatever way suits its pricing or marketing objectives." (TR 1447)

The parties also state that BellSouth has not notified them or provided them with the modifications BST makes to LENS. The parties state that this is essential, because LENS is a proprietary system that BellSouth owns and controls. (Martinez TR 3233; Bradbury TR 2825-2826) Witness Bradbury stated that changes to LENS are made unilaterally by BellSouth, which can make this interface unstable, disruptive, inefficient and expensive for new entrants to use. (TR 2825) In addition, witness Martinez testified that since March, BellSouth has made three revisions to the LENS Users Guide, none of which were disclosed to MCI. Witness Martinez further stated that in all cases, MCI learned of these revisions from a source other than BellSouth. (TR 3237) In addition, witness Calhoun testified that the latest version of the LENS User Guide was dated June 17, 1997. However, she agreed that some changes to LENS had taken place since it was published, and the next update to LENS was scheduled for October 8, 1997. (TR 1333) She further testified that no specific method was used other than through LENS itself to communicate the subsequent LENS modifications to ALECs since June 17th. (TR 1334)

Problem 5: Interfaces are not fully electronic or integrated

There are three forms of manual intervention that are raised by the intervenors. The first form occurs because BST's proposed interfaces do not link an ALEC's OSS with BST's OSS. The second occurs because BST has not provided an interface that integrates pre-ordering and ordering capabilities together, as does its own internal interfaces. The third occurs on behalf of BST. LENS and EDI do not enable an ALEC to place orders for the same services as BST, which flow through BST's downstream systems untouched by human hands.

AT&T witness Bradbury states that LENS is a human-to-machine interface, since there is no electronic communication between BST's OSS and the ALEC's OSS. This is evidenced by the need for an ALEC service representative who must manually enter data into BST's OSS, and then manually re-enter the same data into the ALEC's OSS. (Bradbury TR 2822-24) BST believes that it is up to the ALEC to develop the integration capability for the interfaces. However, as discussed above in problem 4, BST has not provided the technical specifications necessary for an ALEC to design such capability.

AT&T witness Bradbury stated that since the pre-ordering capability of LENS is not integrated with the ordering capability of EDI, the pre-ordering information must be manually entered into the EDI based order. (TR 2863, 2918) This is in direct contrast to BST's RNS and DOE systems which automatically populate pre-ordering information into the order. (Bradbury TR 2863; Calhoun TR 1420,1439, 1443) Witness Bradbury stated that the capabilities inherent in BST's RNS and DOE systems are not provided at parity for ALECs. (TR 2915-2916)

Another form of manual intervention is performed on behalf of BST's Local Carrier Service Center (LCSC). The EDI and LENS ordering interfaces do not allow all orders to flow through BST's downstream systems to generate a mechanized order. (Calhoun TR 1232-1234) BST's witness Calhoun stated that mechanized orders for PBX trunks, multi-line hunt groups, Synchronet services, and basic rate ISDN service cannot be generated at this time, when placed via EDI. Instead, orders for these services drop out of the system and go to the LCSC, where the order will be processed manually. (Calhoun TR 1237, 1316) The problem here, is that BST's internal ordering systems, RNS and DOE, allow orders for these services to

flow through the downstream systems to generate a mechanized order. (Calhoun TR 1247, 1250) Therefore, BST has failed to provide services which it can order electronically, on an equivalent basis to requesting carriers.

Problem 6: Insufficient capacity to meet demand.

The intervenors do not believe that BellSouth has sufficient capacity to meet its demand. In support of this claim, the parties have cited the following problems.

MCI contends, and witness Calhoun agreed, that due dates calculated via LENS for "conversion as specified" orders result in installation intervals greater than what BellSouth provides to itself. (Calhoun TR 1324-1327) Witness Calhoun stated that "some unexpected results on due date calculation" have resulted when an ALEC uses the firm order mode of LENS. (TR 1327) This problem caused ALECs using the firm order mode for due date calculation to receive jeopardies, which is the industry term for due dates not met. (Calhoun TR 1330)

In addition, Intermedia states that it has experienced many backlogged orders for simple resold switch "As-Is" orders submitted through manual LSRs and through EDI-PC. Witness Chase stated that since ICI began reselling services in October 1996, it has experienced hundreds of backlogged orders each month. (TR 3082,3111) Witness Chase stated that when ICI used the manual paper LSR process for submitting simple resale services, seventy percent of the time it took BellSouth more than two days to send ICI a firm order confirmation (FOC) and customer service record (CSR). Furthermore, witness Chase stated that the typical time period for receiving the FOC and CSR was ten working days, but that thirty percent of the time it would take up to four weeks to receive them. In addition, ICI stated that even when using the EDI-PC interface to process a simple switch "As-Is" order, ICI experienced a two to four week delay in receiving FOCs thirty percent of the time. (TR 3092-3093, 3112-3113)

The parties also questioned the efficiency of BellSouth's Local Carrier Service Center (LCSC). BellSouth operates two LCSCs that interface with the ALECs for interconnection, UNEs, and resale orders. (TR 676) Witness Scheye stated that BellSouth does not use the LCSC for its retail operations. Instead, BellSouth has its own organizational group that performs analogous but different